

## ***Chapter 3 – Conflict of Interest Prohibition***

### ***Conflicts Prohibited***

No persons who exercise or have exercised any functions or responsibilities with respect to HOME or CDBG activities or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

### ***Procurement Conflicts***

Your standards must require that no employee, officer, agent of the recipient or administering agency may participate in the selection or administration of a contract supported by HOME or CDBG if the conflict of interest real or apparent, would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for award:

- Employee, agency or officer of the recipient or administering agency;
- Any member of an employee's, agent's or officer's immediate family;
- An employee's, agent's or officer's partner; or
- An organization that employs or is about to employ any of the above.

### ***Persons Covered***

The conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving HOME or CDBG funds.

#### ***Conflict Example:***

Local Unit of Government	The town council president's brother was to bid on the inspector services to be provided under a HOME award.	The town council president would not be able to participate in the procurement of the contract in which his brother plans to bid. However, the selection of the inspection firm must be made in accordance with the local unit of government's procurement standards.
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### ***Procedures for Conflict of Interest***

The Local Unit of Government, the award recipient for funds, will need to submit the conflict in writing to their IHFA Compliance Monitor. The letter should contain the following information:

1. A request for an exception to the conflict of interest prohibition
2. A copy of the minutes from a public meeting denoting that the affected person has publicly disclosed the conflict of interest and has stated that he/she has withdrawn from functions or responsibilities with respect to the assisted activity in question.
3. An opinion from the Local Unit of Government's attorney that the interest for which an exception is sought would not violate state or local law.

IHFA will approve an exception to this conflict of interest prohibition only after it has been determined that such an exception will serve to further the purpose of the Act and the effective and efficient administration of the program. The Local Unit of Government will receive a response in writing from IHFA stating whether or not an exception has been allowed.

If an exception is allowed, a completed Uniform Conflict of Interest Disclosure Statement must be sent to the following within 15 days:

1. Indiana Housing Finance Authority
2. State Board of Accounts
3. Clerk of the Circuit Court of the county in which the contract was executed.

***Factors to Consider When Granting an Exception***

- Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program which would otherwise not be available;
- Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interest or benefits as are being made available or provided to the group or class;
- Whether the affected person has withdrawn from his or her function or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;
- Whether the interest or benefit was present before the affected person was in a position constituting the conflict of interest;
- Whether undue hardship will result either to the Participating Jurisdiction or the person affected when weighted against the public interest served by avoiding the prohibited conflict; and
- Any other relevant consideration.